

UNCLAS SINGAPORE 001543

SIPDIS

E.O. 12958: N/A

TAGS: PREL SENV MY SN

SUBJECT: SINGAPORE AND MALAYSIA SIGN LAND RECLAMATION
SETTLEMENT AGREEMENT

REF: A. 02 SINGAPORE 1267

1B. 04 JAKARTA 10224

¶1. A costly two-year dispute with Malaysia over Singapore's land reclamation activities in the Johor Strait ended on April 26 when Singapore Ambassador-at-large Tommy Koh and Malaysia Secretary-General Tan Sri Ahmed Fuzi Abdul Razak signed the "Settlement Agreement of the Reclamation Case". Singapore Foreign Minister George Yeo described the settlement as a sign of improved bilateral relations between the two nations, and anticipated that Singapore and Malaysia would amicably resolve other ongoing bilateral issues, including the price of water supplied to Singapore by Malaysia, a Malaysian plan to replace the causeway across the Singapore Strait with a modern bridge, and the disposition of a Malaysian railway line that runs into Singapore.

¶2. The Agreement concludes the case brought by Malaysia in September 2003, in the Hamburg-based International Tribunal for the Law of the Sea, accusing the GOS of not consulting Malaysia about its land reclamation activities in the Strait of Johor and raising concerns about their effects on navigation and the environment. (NOTE: After the 13-month study, an independent panel of experts issued a unanimous report that Singapore's reclamation actions presented no major environmental ramifications. END NOTE)

¶3. Under the Agreement, both governments pledge to undertake various initiatives to mitigate Malaysia's concerns, pursuant to the recommendations of a group of independent experts appointed by both governments to study the effects of Singapore's reclamation works. Malaysia will drop its lawsuit, and grant Singapore the right to reclaim as much land as it needs for development within its territorial waters. In return, Singapore has agreed to do the following:

-- Revise its reclamation plans to protect sea currents and pay S\$300,000 (US\$182,300) for maintenance works at Malaysia's Tanjung Belungkor jetty.

-- Make a one-time payment of RM\$374,400 (US\$98,550) to local Malaysian fisherman to compensate them for loss of income.

¶4. COMMENT: Singapore is unlikely to quickly revive the project to create 49 square miles (19 square km) of new land in the straits. While resolution of its dispute with Malaysia is welcome, Singapore has faced a shortage of available sand vital to its reclamation ambitions since its principle supplier, Indonesia, barred sand exports to Singapore in 2003. Ministry of National Development Senior Corporate Communications Executive, Ms. Senbagavalli Arumugam, told EconOff that reclamation works will continue, adding that the onus is on commercial contractors hired by GOS to procure materials for the project, which may be equivalent to a "don't ask, don't tell" policy. END COMMENT.

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